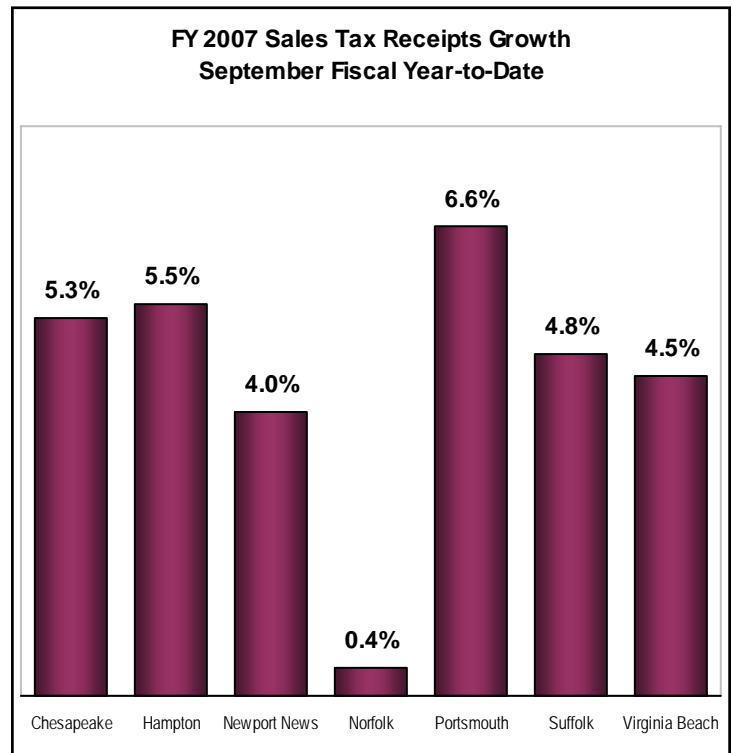


Source: Virginia Department of Taxation. Compiled by the Office of Budget and Management.

Sales Tax Receipts

The September sales tax receipts for Norfolk, which represent retail sales made in July, is approximately \$2.5 million, an increase of 0.4 percent from September 2005.

Although the September sales tax receipts showed only a moderate increase over the previous year, it is important to note that last year's sales tax receipts was an estimate and not actual receipts. Sales tax receipts recorded during the first quarter was estimated due to the State's implementation of their integrated revenue management system. The Tax Department reconciled amounts distributed to localities with their actual receipts and made a lump-sum adjustment for the difference in the sales tax receipts distributed in December. However, the Tax Department did not report actual receipts by locality. Consequently, the growth for the first quarter of FY 2007 is probably not accurate and could be understated. The true growth cannot be determined until December 2006.



Source: Virginia Department of Taxation. Compiled by the Office of Budget and Management.

Neighboring Localities

Norfolk's neighboring localities likewise experienced growth in sales tax receipts in September over the previous year. Portsmouth, with sales tax receipts of \$0.5 million in September, had the highest growth (6.6 percent) in the region, while Norfolk, had the lowest growth (0.4 percent).

National Retail Sales

The U.S. Census Bureau announced that the advance estimate of U.S. retail and food services sales in August rose 0.2 percent to \$368.2 billion from the previous month and 6.7 percent from a year ago.

Auto and parts sales were up 0.4 percent, while sales from gas stations were down 1.0 percent due to the decrease in gas prices, unlike in July, when the reverse occurred with auto sales down and gas stations sales up. Analysts noted if the decline in gas prices is sustained, "lower gas prices will free up enough disposable income to lift non-gasoline retail sales by an additional percentage point over 2005 levels and give the economy a needed jolt. Other sectors that saw increases include restaurants and bars (0.7 percent), grocery stores (0.5 percent), health and personal care stores (0.6 percent), and sporting goods/hobby/books and music stores (0.8 percent).